



## Legislative Fiscal Bureau

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March 8, 2004

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 774: Public Utility Aid Payments and Property Taxes on Certain Utility Property

Assembly Bill 774 would modify tax and state aid policies affecting light, heat, and power companies, electric cooperatives, and related companies. The bill was introduced on January 28, 2004, and referred to the Assembly Committee on Energy and Utilities, where a public hearing was held. On February 16, Assembly Substitute Amendment 1 was offered, as was Assembly Amendment 1 to ASA 1 on February 17. On February 17, the Assembly Committee on Energy and Utilities adopted AA 1 by a vote of seven to five and ASA 1, as amended, by a vote of 12 to 0, and recommended AB 774 for passage, as amended, by a vote of 11 to 1. The bill was referred to the Joint Committee on Finance on February 23, 2004.

### **CURRENT LAW**

Light, heat, and power companies and electric cooperatives are subject to a state tax in lieu of general property taxes. The state tax is a license fee imposed at a rate of 0.97% of the gross revenues from the sale of gas services and 3.19% of all other revenues. For the period between 2004 and 2009, revenues from the sale of electricity for resale are subject to a rate of 1.59%, in lieu of the 3.19%. In addition to investor-owned electric utilities, state law defines light, heat, and power companies to include qualified wholesale electric companies, wholesale merchant plants, and municipally owned electric utilities. Although the property of light, heat, and power companies and electric cooperatives is not subject to locally imposed property taxes, local governments receive state aid payments based on the value of certain qualifying utility property.

In 2004, utility aid payments will be made from a sum sufficient appropriation to municipalities and counties and will equal the net book value of qualifying utility property multiplied by a rate of nine mills. Qualifying property includes production plants, substations, and

general structures of light, heat, and power companies, qualified wholesale electric companies, electric cooperatives, merchant plants, and municipal electric companies. Also included is the property of municipally owned electric utilities, but only that property that is located outside the boundaries of the municipality that owns and operates the utility. The combined aid payments for municipalities and counties where the qualifying property is located equal nine mills multiplied by the property's net book value. If the qualifying property is in a city or village, the municipality's payment is calculated at a rate of six mills, and the county receives a payment based on three mills. If the qualifying property is located in a town, the town's payment is calculated at a rate of three mills, and the county receives a payment based on six mills. The value of a utility's property at any single site is limited to \$125 million, and the amount of aidable value in each municipality and county is limited to no less than the value used to calculate aid payments in 1991, adjusted to reflect property retired from service. Also, payments to individual municipalities are limited to \$300 per capita, and payments to counties are limited to \$100 per capita. Each municipality and county is guaranteed \$75,000 if a production plant with a capacity of 200 megawatts or more is located within its borders. Finally, each municipality and county where spent nuclear fuel is stored receives an annual payment of \$50,000.

Earlier this year, the Legislature adopted AB 378, which became Act 31. Beginning with aid payments in 2005, Act 31 combines the preceding provisions for substations, general structures, and existing production plants with a capacity-based aid structure, including incentive aid, for newly constructed production plants. A new appropriation, called the "public utility distribution account" has been created to make payments for decommissioning aid, capacity aid, and incentive aid.

Under the Act, newly constructed or repowered production plants that begin operation after December 31, 2003, are excluded from utility aid payments that are based on nine mills. Beginning in 2005, the Act extends utility aid to municipalities and counties that contain newly constructed or repowered production plants based on the production plant's generating capacity. To be eligible, a plant must have a capacity of at least one megawatt and begin operation after December 31, 2003.

Payments for municipalities and counties containing the qualifying production plants are calculated at the combined rate of \$2,000 per megawatt of the plant's nameplate capacity. The county receives either two-thirds of the resulting payment if the production plant is located in a town or one-third of the resulting payment if the production plant is located in a city or village. The balance of the payment is distributed to the municipality where the production plant is located. The per capita payment limits authorized under current law are extended to the combined payments under the current three/six mill formula and under the new capacity formula.

Four incentive aid payments for newly constructed or repowered production plants are authorized, provided the plant meets certain conditions. If the plant derives its energy from an alternate energy source, such as wind or water, payments of \$1,000 per megawatt of capacity will be made both to the county and municipality. If the plant is a cogeneration plant, payments of \$1,000 per megawatt of capacity will be made both to the county and municipality. If the plant is

located on, or adjacent to, an existing plant, a decommissioned plant, or a brownfield or is built on a site purchased by a public utility before January 1, 1980, payments of \$600 per megawatt of capacity will be made to both the county and the municipality. If the plant is a baseload plant, payments of \$600 per megawatt of capacity will be made to both the county and the municipality.

## **SUMMARY OF SUBSTITUTE AMENDMENT**

ASA 1 to AB 774 consists of five components and would be phased-in over a four-year period in the 2005-07 and 2007-09 biennia. The components include replacing the current nine-mill aid formula with a capacity-based aid distribution similar to that included in Act 31 for production plants, extending the property tax to general structures owned or leased by certain electric utility companies, extending the property tax to electric substations owned or leased by certain electric utility companies, modifying the aid provisions regarding high-voltage transmission lines, and directing the Department of Revenue to develop a proposal for extending the property tax to other types of electric utility property.

ASA 1 to AB 774 would replace the current nine-mill aid payment for existing production plants with a capacity-based aid payment similar to that authorized under Act 31. These provisions would take effect with aid payments for 2005 (2005-06). Counties and municipalities would continue to receive aid based on the net book value of existing production plants multiplied by nine mills unless a larger aid payment would result under the provisions created by Act 31. After payments are distributed under the Act 31 provisions, payments could not subsequently be calculated on the basis of net book value. In addition to the basic payments of \$2,000 per megawatt of capacity to be divided between counties and municipalities, each county and municipality containing a production plant could receive payments of \$1,000 or \$600 per megawatt of capacity, if a production plant meets any of the four criteria for incentive aid. [According to the lead author of ASA 1, the only incentive aid payment that was intended for existing plants was the \$1,000 per megawatt payment for production plants that derive their energy from alternate energy sources. An amendment to ASA 1 would be needed to accomplish this intent.]

ASA 1 to AB 774 would sunset the current law provision that limits the net book value, for purposes of calculating aid payments, to no less than the value used to calculate aid payments in 1991.

ASA 1 to AB 774 would impose a property tax on the general structures owned or leased by light, heat, and power companies, effective with property assessed as of January 1, 2005. The proposed change would first affect property taxes payable in 2006. Substations owned or leased by light, heat, and power companies, other than transmission substation property, would be subject to property taxes effective with property assessed as of January 1, 2006. This would first affect property taxes payable in 2007. General structures are typically office buildings, and transmission substation properties are substations owned by electric transmission companies. American Transmission Company is believed to be the only such company. Utility aid payments on the

general structures and substations subject to the property tax would be discontinued in 2005 and 2006, respectively. Because local governments will first receive property tax payments on the affected property in 2006 and 2007, ASA 1 to AB 774 should be amended so that the aid on the affected property is discontinued beginning in 2006 and 2007, rather than in 2005 and 2006.

ASA 1 to AB 774 would amend the property tax exemption for property of companies subject to the state's gross revenues-based license fees, which is authorized under current law, so that the proposed property tax treatment would be allowed. The state statutes authorizing the state's gross revenues-based license fees would also be amended to clarify that the license fee is not in lieu of the property taxes that would be imposed under this proposal.

To offset the effect of the property taxes, ASA 1 to AB 774 would authorize light, heat, and power companies to claim a credit against their gross revenues-based license fee. The amount of each company's tax credit would be equal to its property tax payments on general structures and substations. Also, electric cooperatives would be allowed to claim a similar credit against their gross revenues-based license fee, based on any payments in lieu of taxes made for the cooperatives' general structures or substations. If taxes or payments exceed a company's state license fee liability in a single year, the excess taxes or payments could be claimed in a later year for up to 15 years. Property tax payments, or payments in lieu of taxes, in 2006 would be claimed as a tax credit against the state license fee that will be based on 2006 revenues.

ASA 1 to AB 774 directs the Department of Revenue to value the general structures and substations subject to the property tax using procedures similar to those used to value manufacturing property under current law. The Department would also be directed to submit a proposal to the Legislature by December 31, 2004, on extending the property tax to other property of light, heat, and power companies and electric cooperatives. Specifically, the proposal would include distribution and transmission property and property that is included in the production plant account, but which does not directly generate electricity. The proposal would take effect with property assessments as of January 1, 2007.

ASA 1 to AB 774 would modify current law provisions requiring annual impact fees assessed against persons who have been issued a certificate of public convenience and necessity for operating high-voltage transmission lines. Currently, an annual fee equal to 0.3% of the cost of the line is imposed and distributed to each municipality where the line is located in proportion to the investment in the municipality. Under ASA 1, these calculations would be based on the net book value (original cost less depreciation) of the transmission line.

#### **ASSEMBLY AMENDMENT 1 TO ASA 1**

Mitigation payments are unrestricted or recurring monetary payments to a local unit of government in which an electric generating facility is located to mitigate the impact of the facility on the government. Generally, utilities may not recover the cost of mitigation payments in their

rates. Further, current law directs the Public Service Commission (PSC) to only approve mitigation payment agreements that are received by the PSC before June 10, 2003. If the PSC finds such an agreement to be reasonable, it may not subsequently modify the agreement. Assembly Amendment 1 to ASA 1 would modify these requirements by providing that mitigation payments made in accordance with the terms of an agreement shall be recoverable in rates if the PSC receives the agreement before June 10, 2003, and does not determine that the agreement is unreasonable before November 11, 2003. This would apply only to an agreement between the City of Oak Creek and We Energies.

**FISCAL EFFECT**

State Aid on Existing Production Plants. For purposes of 2003 aid payments, there are 66 municipalities that contain production plant property with a net book value of more than \$1 million. (Four municipalities with production plant values over \$1 million were excluded from this analysis because there was no identifiable production capacity related to the value.) The production plants in the 66 municipalities were identified by cross tabulating information on file with the Departments of Natural Resources and Revenue and by contacting individual utilities. Attachment 1 lists the production plants, the owning or operating company, the municipality and county where the plant is located, the plant's rated capacity, the plant's aidable value, and the estimated aid payment on the plant based on a calculation of nine mills. Also, Attachment 1 includes Wisconsin Power and Light's Blackhawk plant in the City of Beloit, which has no aidable value due to depreciation. In some instances, the aidable values differ from net book values due to the \$125 million value limit or the 1991 aidable value minimum. Also, the amount of aid is overstated relative to the Alma/Madgett and Point Beach production plants because aid payments to the City of Alma and the Town of Two Creeks are constrained under the \$300 per capita payment limit. The attachment does not reflect the impact of the per capita limit because the limit is applied to the municipalities' total payment, as opposed to the part of their payment related to the production plants. Under current law provisions, utility aid payments related to the plants shown in Attachment 1 are estimated at \$20.7 million.

In some cases, production plants are located in multiple municipalities. To avoid double counting, the capacity associated with those plants is reported with the municipality where the majority of the plant's net book value is located. The secondary municipality is listed below the primary municipality, but no plant capacity is reported with the secondary municipality:

<u>Production Plant</u>	<u>Primary Municipality</u>	<u>Secondary Municipality</u>
Pleasant Prairie	V. Pleasant Prairie	C. Kenosha
Oak Creek	C. Oak Creek	T. Caledonia
Edgewater	C. Sheboygan	T. Wilson
Weston	V. Rothschild	T. Kronenwetter
Jim Falls	T. Anson	T. Eagle Point
Wissota	T. Lafayette	T. Eagle Point

ASA 1 to AB 774 would replace the current aid distribution based on net book value with a distribution equal to \$2,000 for each megawatt of generating capacity, except for hydroelectric or wind-powered plants, which would qualify for payments of \$4,000 per megawatt of capacity. An aid distribution based on production plant capacity would increase payments to some local governments and decrease payments to other local governments. Initially, each county and municipality would be guaranteed a payment that is no less than an amount equal to what would be received under current law. This would be calculated by multiplying the net book value of the production plant as of December 31 of the year prior to the aid payment by either three or six mills, depending on whether the government is a county, city village, or town. After a county or municipality receives a higher aid payment under the capacity aid calculation, it would not be eligible to receive a succeeding year's payment under the net book value calculation.

Attachment 2 reports utility aid payments related to existing production plants on a current law basis and under a distribution based on either \$2,000 or \$4,000 per megawatt of capacity. (Note, this reflects the author's intent and would require an amendment to ASA 1.) Attachment 2 also reports the estimated aid payments under current law on a per megawatt basis. Payments are ranked in descending order according to the change in aid per megawatt of capacity, which is reported in the attachment's final column. For purposes of production plants that are located in two municipalities, the primary and secondary municipalities have been combined. The attachment is divided into two parts. The first portion reports the counties and municipalities that would experience aid increases under the capacity-based distribution, and the attachment's lower portion reports the counties and municipalities that would be subject to the hold harmless provision. Although the attachment reflects a payment decrease, the hold harmless provision would result in no aid change.

Under the proposal, aid increases would be extended to 43 municipalities and their overlying counties containing production plants. Their estimated aid payments would increase by \$8,938,000, from \$12,063,000 to \$21,001,000. For 24 municipalities and their overlying counties, state aid payments would continue to be based on the production plant's net book value. Otherwise, aid payments to these counties and municipalities would decrease by \$2,736,000, from \$8,594,000 to \$5,858,000. Overall, aid for production plants would increase from \$20,657,000 to \$29,595,000, or by \$8,938,000.

General Structures. ASA 1 to AB 774 would impose a property tax on the general structures owned or leased by light, heat, and power companies, effective with property assessed as of January 1, 2005. To offset the effect of the property taxes, ASA 1 would authorize light, heat, and power companies to claim a credit against their gross revenues-based license fee. The amount of each company's tax credit would be equal to its property tax payments. Also, electric cooperatives would be allowed to claim a similar credit against their gross revenues-based license fee, based on any payments in lieu of taxes made for the cooperatives' general structures. If taxes or payments exceed a company's state license fee liability in a single year, the excess taxes or payments could be claimed in a later year for up to 15 years. Property tax payments, or payments in lieu of taxes, in

2006 would be claimed as a tax credit against the state license fee that will be based on 2006 revenues. Therefore, the tax credit would first affect state collections in 2006-07.

The general structures would be valued by the Department of Revenue using procedures similar to those used by to value manufacturing property under s. 70.995 of the statutes. Because light, heat, and power companies are subject to regulation, either directly or indirectly, by the Wisconsin Public Service Commission or the U.S. Federal Energy Regulatory Commission, it could be argued that the cost approach would be the most appropriate valuation procedure to employ in assessing these properties. That approach would result in values similar to those used for state aid purposes. Currently, the aidable value of general structures is \$283.5 million. This includes the value of general structures owned by electric cooperatives. Their value is included in this analysis because they presumably will make payments in lieu of taxes so long as they are eligible for state tax credits offsetting the payments.

If the utility property had been subject to taxes or payments in lieu of taxes for the 2002(03) property tax year, gross taxes on the property would have totaled almost \$7.0 million. After the application of school levy tax credits, net taxes on the property of \$6.6 million are estimated. The following table compares the estimated taxes or payments in lieu of taxes to the actual tax levies for the various types of taxing jurisdictions for 2002(03).

	<u>Estimated Taxes or Payments On Utility General Structures</u>	<u>2002(03) Actual Tax Levies</u>	<u>Percent</u>
School Districts	\$2,863,000	\$3,191,985,000	0.09%
Municipalities	2,108,000	1,795,997,000	0.12
Counties	1,300,000	1,490,462,000	0.09
Technical College Districts	494,000	541,895,000	0.09
Special Districts	140,000	83,595,000	0.17
State Forestry Tax	57,000	67,065,000	0.08
Tax Increment Districts	<u>Not Applicable</u>	<u>192,769,000</u>	<u>N.A.</u>
Gross Property Taxes	\$6,962,000	\$7,363,767,000	0.09%
School Levy Tax Credits	<u>-396,000</u>	<u>-469,305,000</u>	
Net Property Taxes	\$6,566,000	\$6,894,462,000	

The amounts in the table are subject to estimating errors due to several factors. First, some of the general structures could be located in tax increment districts. This property would generate tax increments and would not be included in the tax base of school districts, municipalities, counties, technical college districts, and special districts. Second, if the tax base were available to the various taxing jurisdictions, their levies would be spread across a larger tax base, or their levies would be

lower in the case of payments in lieu of taxes, thereby decreasing their 2002(03) tax rates. Third, the effects of shifts in tax base sensitive state aids are not reflected.

The affected general structures are located in 69 counties and 234 municipalities. Since those local governments are now reimbursed at either a three or six mill rate and assuming local tax rates remain unchanged, tax payments to cities and villages will be higher than aid payments if the municipality's tax rate exceeds six mills, and tax payments to towns will be higher than aid payments if the town's tax rate exceeds three mills. Counties can make the same comparison, but must take account of the type of municipality where the substation property is located. Other taxing jurisdictions do not currently receive state utility aid, so their tax gain is not offset by an aid loss.

The effect of the general property taxes or payments in lieu of taxes on the general structures of light, heat, and power companies and electric cooperatives would be offset by extending a tax credit against those companies' state taxes so that the state tax generates \$6,566,000 less. The resulting loss in state revenues would be partially offset by eliminating the state utility aid payment on general structures. For 2003, state aid payments for general structures are estimated at \$2,551,000. As a result, the net revenue loss to the state would be about \$4.0 million in 2006-07. (Note, to coordinate the receipt of property tax revenues with the reduction in state aid, ASA 1 should be amended to delay the state aid impact from 2005 to 2006.)

Substations. ASA 1 to AB 774 would impose a property tax on the substations owned or leased by light, heat, and power companies, other than electric transmission companies, effective with property assessed as of January 1, 2006. This would first affect property taxes payable in 2007.

To offset the effect of the property taxes, light, heat, and power companies could claim a credit equal to their property tax payments against their gross revenues-based license fee. Like the provisions regarding general structures, electric cooperatives would be allowed to claim a similar credit against their gross revenues-based license fee, based on any payments in lieu of taxes made for the cooperatives' substations. Also, if taxes or payments exceed a company's state license fee liability in a single year, the excess taxes or payments could be claimed in a later year for up to 15 years. Property tax payments in 2007 would be claimed as a tax credit against the state license fee that will be based on 2007 revenues. Therefore, this provision would first affect state collections in 2007-08.

The assessment procedures used to value general structures would be extended to substation property. That approach would result in values similar to those used for state aid purposes. Currently, the aidable value of substations is \$793.8 million, of which, \$262.6 million is owned by American Transmission Company and would not be affected by the bill. The remaining \$531.2 million in value, which represents 0.16% of the statewide property tax base, would be subject to the property tax or payments in lieu of taxes.

If the utility property had been subject to taxes or payments in lieu of taxes for the 2002(03) property tax year, gross taxes on the property would have totaled \$11.6 million. After the application of school levy tax credits, net taxes on the property of \$10.8 million are estimated. The following table compares the estimated taxes or payments in lieu of taxes to the actual tax levies for the various types of taxing jurisdictions for 2002(03).

	<u>Estimated Taxes or Payments On Utility Substations</u>	<u>2002(03) Actual Tax Levies</u>	<u>Percent</u>
School Districts	\$5,277,000	\$3,191,985,000	0.17%
Municipalities	2,638,000	1,795,997,000	0.15
Counties	2,582,000	1,490,462,000	0.17
Technical College Districts	905,000	541,895,000	0.17
Special Districts	79,000	83,595,000	0.09
State Forestry Tax	106,000	67,065,000	0.16
Tax Increment Districts	<u>Not Applicable</u>	<u>192,769,000</u>	<u>N.A.</u>
Gross Property Taxes	\$11,587,000	\$7,363,767,000	0.16%
School Levy Tax Credits	<u>-758,000</u>	<u>-469,305,000</u>	
Net Property Taxes	\$10,829,000	\$6,894,462,000	

The amounts in the table are subject to estimating errors due to several factors. First, some of the substations could be located in tax increment districts. This property would generate tax increments and would not be included in the tax base of school districts, municipalities, counties, technical college districts, and special districts. Second, if the tax base were available to the various taxing jurisdictions, their levies would be spread across a larger tax base, thereby lowering their 2002(03) tax rates. Third, the effects of shifts in tax base sensitive state aids are not reflected.

The affected substations are located in 71 counties and 1,008 municipalities. Since those local governments are now reimbursed at either a three or six mill rate and assuming local tax rates remain unchanged, tax payments to cities and villages will be higher than aid payments if the municipality's tax rate exceeds six mills, and tax payments to towns will be higher than aid payments if the town's tax rate exceeds three mills. Counties can make the same comparison, but must take account of the type of municipality where the substation property is located. Other taxing jurisdictions do not currently receive state utility aid, so their tax gain is not offset by an aid loss.

The proposed tax credit for taxes or payments in lieu of taxes paid on general structures would extend to the taxes or payments in lieu of taxes paid on substation property. As a result, an additional reduction in state revenues of \$10.8 million is estimated in relation to the taxes or payments in lieu of taxes on substation property. That loss would be partially offset by eliminating the state utility aid payment on substations, except for substations owned or leased by electric transmission companies. In 2003, municipality and county utility aid entitlements related to the

affected substations are estimated at \$4,780,000. As a result, the net revenue loss to the state would be about \$6,050,000 in 2007-08. Aid payments estimated at \$2,364,000 would continue to be made under current law provisions for \$262.6 million in substation value owned by electric transmission companies. (Note, to coordinate the receipt of property tax revenues with the reduction in state aid, ASA 1 should be amended to delay the state aid impact from 2006 to 2007.)

## DOR ADMINISTRATIVE COSTS

The Department of Revenue would be responsible for assessing general structures, beginning in 2005, and substations, beginning in 2006. When fully phased in, DOR has indicated it would need six additional appraisers to perform the assessments. ASA 1 does not provide funding for the Department's administrative costs, so DOR would have to absorb any costs it incurs in 2004-05 related to assessing general structures.

## SUMMARY

The following table reports the fiscal impacts of ASA 1 to AB 774 on state expenditures and revenues for the period between 2005-06 and 2007-08. The analysis is based on historic data and does not attempt to show the effects of depreciation, new construction, changes in local tax rates, changes in utility rates, or growth in state tax collections.

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Change in State Aid on:			
Production Plants	\$8,938,000	\$8,938,000	\$8,938,000
General Structures	N.A.	-2,551,000	-2,551,000
Substations	<u>N.A.</u>	<u>N.A.</u>	<u>-4,780,000</u>
Est. Change in State Spending	\$8,938,000	\$6,387,000	\$1,607,000
State Tax Credit for Taxes on:			
General Structures	N.A.	\$6,566,000	\$6,566,000
Substations	<u>N.A.</u>	<u>N.A.</u>	<u>10,829,000</u>
Est. Reduction in State Revenues	\$0	\$6,566,000	\$17,395,000
Net Cost to General Fund	\$8,938,000	\$12,953,000	\$19,002,000

Prepared by: Rick Olin  
Attachments

## ATTACHMENT 1

### Listing of Production Plants by Rated Capacity and Information Related to Utility Aid

<u>Plant &amp; Primary Fuel Type</u>	<u>Owner/Operator</u>	<u>Municipality</u>	<u>County</u>	<u>Capacity (megawatts)</u>	<u>Aidable Value</u>	<u>Utility Aid at Nine Mills</u>
Pleasant Prairie (Coal) related production plant value	Wisconsin Electric Power Co.	V. Pleasant Prairie	Kenosha	1,235.2	\$125,000,000	\$1,125,000
Oak Creek (Coal) related production plant value	Wisconsin Electric Power Co.	C. Kenosha C. Oak Creek	Kenosha Milwaukee	1,211.2	3,476,430 98,416,953	31,288 885,753
Point Beach (Nuclear) Columbia 1 & 2 (Coal) Edgewater (Coal) related production plant value	Wisconsin Electric Power Co. Wisconsin Power & Light Co. Wisconsin Power & Light Co.	T. Caledonia T. Two Creeks T. Pacific C. Sheboygan T. Wilson	Racine Manitowoc Columbia Sheboygan Sheboygan	1,099.0 1,023.0 770.0	125,000,000 110,975,109 125,000,000	1,125,000 998,776 1,125,000
Alma & Madgett (Coal) Kewaunee (Nuclear) Weston (Coal & Natural Gas) related production plant value	Dairyland Power Coop. Wisconsin Public Service Corp. Wisconsin Public Service Corp.	C. Alma T. Carlton V. Rothschild T. Kronenwetter	Buffalo Kewaunee Marathon Marathon	568.0 535.0 529.1	112,822,537 125,000,000 92,132,208	1,015,403 1,125,000 829,190
Rock Gen Energy Center (Nat. Gas) Elk Mound & Wheaton (Nat. Gas)	Calpine Dairyland Power & Xcel Energy	T. Christina T. Wheaton	Dane Chippewa	501.0 418.0	19,530,573 125,000,000 42,833,611	175,775 1,125,000 385,502
Concord (Natural Gas) Paris (Natural Gas) Pulliam (Coal) Neenah (Nat. Gas) (Southern) Genoa (Coal)	Wisconsin Electric Power Co. Wisconsin Electric Power Co. Wisconsin Public Service Corp. Mirant Neenah, LLC Dairyland Power Coop.	T. Watertown T. Paris C. Green Bay T. Neenah T. Genoa	Jefferson Kenosha Brown Winnebago Vernon	381.6 381.6 372.5 350.0 345.6	80,466,424 125,000,000 70,409,250 100,057,653 37,761,325	724,198 1,125,000 633,683 900,519 339,852
South Fond du Lac (Natural Gas) Germantown (Natural Gas) Rock River (Coal & Nat. Gas) Cogentrix (Natural Gas) Valley (Coal)	WP&L/WPPI Wisconsin Electric Power Co. Wisconsin Power & Light Co. LSP--Whitewater Limited Part. Wisconsin Electric Power Co.	T. Fond du Lac V. Germantown T. Beloit C. Whitewater C. Milwaukee	Fond du Lac Washington Rock Jefferson Milwaukee	344.0 339.8 294.0 288.0 274.8	82,388,481 55,805,027 7,353,008 125,000,000 27,511,684	741,496 502,245 66,177 1,125,000 247,605
West Marinette (Natural Gas) Nelson Dewey & Stoneman (Coal) French Island (Coal) Blount (Coal) Sycamore (Nat. Gas) De Pere Energy Center (Nat. Gas)	MG&E/WPSC/Marshfield Elec. WP&L/MidAmerican Power Xcel Energy Madison Gas & Electric Co. SkyGen/WPSC	T. Peshtigo V. Cassville C. La Crosse C. Madison C. De Pere	Marinette Grant La Crosse Dane Brown	250.3 248.0 220.2 215.0 180.0	45,720,457 25,452,530 20,397,130 39,172,228 63,761,161	411,484 229,073 183,574 352,550 573,850
Bayfront (Coal) Fitchburg (Natural Gas) Combined Locks Merchant (Nat. Gas) Blackhawk (Nat. Gas) Jim Falls (Hydro)	Xcel Energy Madison Gas & Electric Co. WPSR/ Appleton Papers Wisconsin Power & Light Co. Xcel Energy	C. Ashland C. Fitchburg V. Combined Locks C. Beloit T. Anson	Ashland Dane Outagamie Rock Chippewa	68.0 54.0 50.0 50.0 50.0	7,767,756 2,786,086 46,530,884 0 92,641,705	69,910 25,075 418,778 0 833,775

<u>Plant &amp; Primary Fuel Type</u>	<u>Owner/Operator</u>	<u>Municipality</u>	<u>County</u>	<u>Capacity (megawatts)</u>	<u>Aidable Value</u>	<u>Utility Aid at Nine Mills</u>
Wisota (Hydro)	Xcel Energy	T. Lafayette	Chippewa	36.0	\$8,402,055	\$75,618
Jim Falls & Wisconsin (Hydro)	Xcel Energy	T. Eagle Point	Chippewa	50.0/36.0	6,468,945	58,221
Holcombe (Hydro)	Xcel Energy	T. Lake Holcombe	Chippewa	33.9	3,395,499	30,559
Cornell (Hydro)	Xcel Energy	C. Cornell	Chippewa	30.8	10,007,475	90,067
Prairie du Sac (Hydro)	Wisconsin Power & Light Co.	T. Prairie du Sac	Sauk	28.5	1,333,824	12,004
St. Croix Falls (Hydro)	Xcel Energy	C. St. Croix Falls	Polk	23.2	2,637,481	23,737
Chippewa Falls (Hydro)	Xcel Energy	C. Chippewa Falls	Chippewa	21.6	8,025,231	72,227
Petenwell (Hydro)	Wisconsin River Power Co.	T. Necedah	Juneau	20.0	1,720,340	15,483
Flambeau (Hydro)	Dairyland Power Coop.	T. Dewey	Rusk	18.0	5,607,678	50,469
Grandfather Falls (Hydro)	Wisconsin Public Service Corp.	T. Rock Falls	Lincoln	17.2	3,033,798	27,304
Castle Rock (Hydro)	Wisconsin River Power Co.	T. Quincy	Adams	15.0	7,870,462	70,834
Frederic Diesel (Fuel Oil)	Northwestern WI. Electric	V. Frederic	Polk	14.1	1,386,789	12,481
Nine Springs (Natural Gas)	Madison Gas & Electric Co.	T. Blooming Grove	Dane	14.0	1,228,270	11,054
Rostere Wind Farm (Wind)	Madison Gas & Electric Co.	T. Red River	Kewaunee	11.2	6,299,414	56,695
Milwaukee County Grounds (Coal)	Wisconsin Electric Power Co.	C. Wauwatosa	Milwaukee	11.0	9,939,721	89,457
Eau Claire Dells (Hydro)	Xcel Energy	C. Eau Claire	Eau Claire	9.5	2,431,342	21,882
Lincoln Turbines (Wind)	MG&E/WPSC	T. Lincoln	Kewaunee	9.2	14,744,225	132,698
Big Falls (Hydro)	Xcel Energy	T. Big Falls	Rusk	9.0	1,174,694	10,572
Wisconsin Rapids (Hydro)	Consolidated Water Power Co.	C. Wisconsin Rapids	Wood	8.8	1,856,382	16,707
Kilbourn (Hydro)	Wisconsin Power & Light Co.	C. Wisconsin Dells	Columbia	8.2	1,592,625	14,334
Distributed Generators	Madison Gas & Electric Co.	C. Middleton	Dane	7.9	2,739,197	24,653
Biron (Hydro)	Consolidated Water Power Co.	V. Biron	Wood	6.6	2,069,459	18,625
Brule (Hydro)	Wisconsin Electric Power Co.	T. Florence	Florence	6.0	1,361,493	12,253
Cedar Falls (Hydro)	Xcel Energy	T. Red Cedar	Dunn	6.0	2,937,782	26,440
Whiting (Hydro)	Consolidated Water Power Co.	V. Whiting	Portage	5.8	1,404,011	12,636
Menomonie (Hydro)	Xcel Energy	C. Menomonie	Dunn	5.4	1,593,845	14,345
Washington Island (Fuel Oil)	Wash. Island Electric Coop.	T. Washington	Door	4.9	1,250,137	11,251
Ladysmith (Hydro)	Xcel Energy	C. Ladysmith	Rusk	3.9	2,971,988	26,748
Distributed Generators	Madison Gas & Electric Co.	C. Monona	Dane	2.6	1,360,731	12,247
Gordon (Hydro & Fuel Oil)	Dahlberg Light & Power Co.	T. Gordon	Douglas	1.6	1,179,151	10,612
Thomapple (Hydro)	Xcel Energy	T. Thomapple	Rusk	1.4	1,193,069	10,738
Byron (Wind)	Wisconsin Electric Power Co.	T. Byron	Fond du Lac	1.3	1,063,086	9,568
East Fork (Hydro)	North Central Power Co., Inc.	T. Winter	Sawyer	0.6	1,085,804	9,772

## ATTACHMENT 2

### Comparison of Current Aid Payments at Nine Mills and Aid Payments at \$2,000 Per Megawatt Ranked by Change in Aid Payments Per Megawatt of Capacity

<u>Municipality</u>	<u>County</u>	<u>Plant &amp; Primary Fuel Type</u>	<u>Capacity (Megawatts)</u>	<u>Current Utility Aid at Nine Mills</u>	<u>Aid at \$2,000 Per Megawatt of Capacity*</u>	<u>Change in Utility Aid</u>	<u>Current Aid Per Megawatt of Capacity</u>	<u>Difference Per Megawatt</u>
<b>Aid Payment Increases</b>								
T. Prairie du Sac	Sauk	Prairie du Sac (Hydro) *	28.5	\$12,004	\$114,000	\$101,996	\$421	\$3,579
T. Necedah	Juneau	Petenwell (Hydro) *	20.0	15,483	80,000	64,517	774	3,226
T. Lake Holcombe	Chippewa	Holcombe (Hydro) *	33.9	30,559	135,600	105,041	901	3,099
C. St. Croix Falls	Polk	St. Croix Falls (Hydro) *	23.2	23,737	92,600	68,863	1,025	2,975
T. Big Falls	Rusk	Big Falls (Hydro) *	9.0	10,572	36,000	25,428	1,175	2,825
T. Rock Falls	Lincoln	Grandfather Falls (Hydro) *	17.2	27,304	68,800	41,496	1,587	2,413
C. Wisconsin Dells	Columbia	Kilbourn (Hydro) *	8.2	14,334	32,800	18,466	1,748	2,252
C. Wisconsin Rapids	Wood	Wisconsin Rapids (Hydro) *	8.8	16,707	35,200	18,493	1,899	2,101
C. Beloit	Rock	Blackhawk (Natural Gas)	50.0	0	100,000	100,000	0	2,000
T. Florence	Florence	Brule (Hydro) *	6.0	12,253	24,000	11,747	2,042	1,958
V. Whiting	Portage	Whiting (Hydro) *	5.8	12,636	23,200	10,564	2,179	1,821
T. Beloit	Rock	Rock River (Coal & Nat. Gas)	294.0	66,177	588,000	521,823	225	1,775
C. Eau Claire	Eau Claire	Eau Claire Dells (Hydro) *	9.5	21,882	38,000	16,118	2,303	1,697
C. Fitchburg	Dane	Fitchburg (Natural Gas)	54.0	25,075	108,000	82,925	464	1,536
C. Menomonie	Dunn	Menomonie (Hydro) *	5.4	14,345	21,600	7,255	2,656	1,344
C. Oak Creek & T. Caledonia	Milwaukee	Oak Creek (Coal)	1,211.2	908,786	2,422,400	1,513,614	750	1,250
T. Blooming Grove	Dane	Nine Springs (Natural Gas)	14.0	11,054	28,000	16,946	790	1,210
T. Dewey	Rusk	Flambeau (Hydro) *	18.0	50,469	72,000	21,531	2,804	1,196
V. Biron	Wood	Biron (Hydro) *	6.6	18,625	26,400	7,775	2,822	1,178
C. La Crosse	La Crosse	French Island (Coal)	220.2	183,574	440,400	256,826	834	1,166
V. Frederic	Polk	Frederic Diesel (Fuel Oil)	14.1	12,481	28,100	15,619	888	1,112
C. Milwaukee	Milwaukee	Valley (Coal)	274.8	247,605	549,600	301,995	901	1,099
T. Wheaton	Chippewa	Elk Mound & Wheaton (Nat. Gas)	418.0	385,502	836,000	450,498	922	1,078
V. Cassville	Grant	Nelson Dewey & Stoneman (Coal)	248.0	229,073	496,000	266,927	924	1,076
C. Cornell	Chippewa	Cornell (Hydro) *	30.8	90,067	123,200	33,133	2,924	1,076

<u>Municipality</u>	<u>County</u>	<u>Plant &amp; Primary Fuel Type</u>	<u>Capacity (Megawatts)</u>	<u>Current Utility Aid at Nine Mills</u>	<u>Aid at \$2,000 Per Megawatt of Capacity*</u>	<u>Change in Utility Aid</u>	<u>Current Aid Per Megawatt of Capacity</u>	<u>Difference Per Megawatt</u>
V. Pleasant Prairie & C. Kenosha	Kenosha	Pleasant Prairie (Coal)	1,235.2	\$1,156,288	\$2,470,400	\$1,314,112	\$936	\$1,064
T. Pacific	Columbia	Columbia 1 & 2 (Coal)	1,023.0	998,776	2,046,000	1,047,224	976	1,024
T. Genoa	Vernon	Genoa (Coal)	345.6	339,852	691,200	351,348	983	1,017
T. Two Creeks	Manitowoc	Point Beach (Nuclear)	1,099.0	1,125,000	2,198,000	1,073,000	1,024	976
C. C. Ashland	Ashland	Bayfront (Coal)	68.0	69,910	136,000	66,090	1,028	972
C. Chippewa Falls	Chippewa	Chippewa Falls (Hydro) *	21.6	72,227	86,400	14,173	3,344	656
V. Germantown	Washington	Germantown (Natural Gas)	339.8	502,245	679,600	177,355	1,478	522
C. Sheboygan & T. Wilson	Sheboygan	Edgewater (Coal)	770.0	1,215,688	1,540,000	324,312	1,579	421
C. Madison	Dane	Blount (Coal) Sycamore (Nat. Gas)	215.0	352,550	430,000	77,450	1,640	360
T. Peshigo	Marquette	West Marinette (Natural Gas)	250.3	411,484	500,600	89,116	1,644	356
C. Green Bay	Brown	Pulliam (Coal)	372.5	633,683	745,000	111,317	1,701	299
C. Alma	Buffalo	Alma & Madgett (Coal)	568.0	1,015,403	1,136,000	120,597	1,788	212
T. Watertown	Jefferson	Concord (Natural Gas)	381.6	724,198	763,200	39,002	1,898	102
V. Rothschild & T. Kronenwetter	Marathon	Weston (Coal & Natural Gas)	529.1	1,004,965	1,058,200	53,235	1,899	101

**Aid Payments Subject to Hold Harmless**

<u>Municipality</u>	<u>County</u>	<u>Plant &amp; Primary Fuel Type</u>	<u>Capacity (Megawatts)</u>	<u>Current Utility Aid at Nine Mills</u>	<u>Aid at \$2,000 Per Megawatt of Capacity*</u>	<u>Change in Aid Before Hold Harmless</u>	<u>Current Aid Per Megawatt of Capacity</u>	<u>Difference Per Megawatt Before Hold Harmless</u>
T. Carlton	Kewaunee	Kewaunee (Nuclear)	535.0	\$1,125,000	\$1,070,000	-\$55,000	\$2,103	-\$103
T. Fond du Lac	Fond du Lac	South Fond du Lac (Natural Gas)	344.0	741,496	688,000	-53,496	2,156	-156
T. Christiana	Dane	Rock Gen Energy Center (Nat. Gas)	501.0	1,125,000	1,002,000	-123,000	2,246	-246
T. Washington	Door	Washington Island (Fuel Oil)	4.9	11,251	9,800	-1,451	2,296	-296
T. Red Cedar	Dunn	Cedar Falls (Hydro) *	6.0	26,440	24,000	-2,440	4,407	-407
T. Neenah	Winnebago	Neenah (Nat. Gas) (Southern)	350.0	900,519	700,000	-200,519	2,573	-573
T. Quincy	Adams	Castle Rock (Hydro) *	15.0	70,834	60,000	-10,834	4,722	-722
T. Paris	Kenosha	Paris (Natural Gas)	381.6	1,125,000	763,200	-361,800	2,948	-948
C. Middleton	Dane	Distributed Generators	7.9	24,653	15,740	-8,913	3,132	-1,132
C. De Pere	Brown	De Pere Energy Center (Nat. Gas)	180.0	573,850	360,000	-213,850	3,188	-1,188
C. Whitewater	Jefferson	Cogentrix (Natural Gas)	288.0	1,125,000	576,000	-549,000	3,906	-1,906
T. Gordon	Douglas	Gordon (Hydro & Fuel Oil) *	1.6	10,612	6,400	-4,212	6,633	-2,633
C. Monona	Dane	Distributed Generators	2.6	12,247	5,240	-7,007	4,674	-2,674
C. Ladysmith	Rusk	Ladysmith (Hydro) *	3.9	26,748	15,600	-11,148	6,858	-2,858
T. Byron	Fond du Lac	Byron (Wind) *	1.3	9,568	5,280	-4,288	7,248	-3,248

<u>Municipality</u>	<u>County</u>	<u>Plant &amp; Primary Fuel Type</u>	<u>Capacity (Megawatts)</u>	<u>Current Utility Aid at Nine Mills</u>	<u>Aid at \$2,000 Per Megawatt of Capacity*</u>	<u>Change in Aid Before Hold Harmless</u>	<u>Current Aid Per Megawatt of Capacity</u>	<u>Difference Per Megawatt Before Hold Harmless</u>
T. Thomapple	Rusk	Thornapple (Hydro) *	1.4	\$10,738	\$5,600	-\$5,138	\$7,670	-\$3,670
T. Lincoln & Red River	Kewaunee	Lincoln Turbines & Rosiere Wind Farm *	20.4	189,393	81,600	-107,793	9,284	-5,284
C. Wauwatosa	Milwaukee	Milwaukee County Grounds (Coal)	11.0	89,457	22,000	-67,457	8,132	-6,132
V. Combined Locks	Outagamie	Combined Locks Merchant (Nat. Gas)	50.0	418,778	100,000	-318,778	8,376	-6,376
T. Anson, Eagle Point, & Lafayette	Chippewa	Jim Falls & Wisconsin (Hydro) *	86.2	967,614	344,800	-622,814	11,225	-7,225
T. Winter	Sawyer	East Fork (Hydro) *	0.6	9,772	2,400	-7,372	16,287	-12,287

\*Payments for hydro- and wind-powered production plants are calculated at \$4,000 per megawatt of capacity.